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MEMORANDUM FOR: Chief, Programs and Budgeting Staff, OC

SUBJECT   :   Evaluation of MBO System

REFERENCE   :   OC-M-73-570, dated 15 October 1973

     1.   It is premature to offer a comprehensive evaluation
of the MBO system because a relatively short period of time
has elapsed since its adoption, and because the additional
work load and frustration encountered by program managers in
developing the associated action plans have far overshadowed
any tangible benefits realized to date. Most program managers
agree, however, that MBO conceptually appears to be a good
management tool, and could be most beneficial to all echelons
of management once it is properly understood and applied.

     2.   Based on our experience with MBO and the development
of action plans to date, we offer the following observations
and suggestions for improvement.

          a.   Current directives prescribe a bimonthly
     review of action plan status reports by the DD/M&S.
     Because of the amount of time required to update the
     plans; i.e., typing, proofing, artwork, reproduction,
     and subsequent review at each management level prior
     to review by the DD/M&S, program managers must begin
     to update the plans at least two weeks prior to the
     date of the DD/M&S review. To give the plans the
     appearance of being current, they are normally dated
     one week prior to the scheduled DD/M&S review date.
     Accordingly, program managers are required to pre-
     dict two weeks in advance what the status of the
     plan will be on the date indicated on the plan.
     Should some slippage or change occur between the
     initial update and the date of the DD/M&S review,
     the plan must be redone, or the slippage or change,
     must be indicated and explained on the subsequent
     plan. Since predicting the status of a plan two
     weeks in advance involves a high potential for

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mis-judgment or unexpected slippages, it is suggested
that the "Date of Status Report" reflect the date
on which the program manager completed his update
of the plan. The status report would then accurately
reflect the status of the plan at that time. We
also believe that a bimonthly review of action
plans is too frequent and unnecessary, and suggest
that the DD/M&S be requested to extend the review
schedule from bimonthly to no more than a quarterly
basis. This extension of schedule combined with
efficiencies in preparing updated plans should result
in a reduction in work load and more accurate and
realistic action plans.

    b. Attempts to achieve uniformity in the
appearance of OC action plan status reports presented
to the DD/M&S have resulted in more emphasis being
placed on form than on content. This disparity could
be reduced through use of a better form and improved
methods for indicating progress, slippage, etc. The
form presently used will not accommodate different
typewriter fonts/pitches. The form does not have
adequate space for footnotes. The necessity to Xerox
additional blank forms as required further complicates
production in that the Xeroxed copies are somewhat
smaller in size than the original blanks. Achieving
the desired quality reproduction of finalized reports,
particularly the artwork (shaded areas indicating prog-
ress), has posed a significant problem. The Xerox
machines available to us in the Ames Building will not
consistently reproduce the shading. A new Xerox
machine located in the Printing Services Division at
Headquarters did provide fairly good quality, but PSD
personnel advised that very few Xerox machines will
provide the quality reproduction of artwork we are
attempting to achieve. To overcome some of these
difficulties, it is suggested that OC-P develop a
printed form (possibly legal size) which should be
compatible with IBM Magnetic Card Selectric Type-
writers, and which provides adequate space for foot-
notes. Since reproduction of shading poses a problem,
it is suggested that a different method of indicating
progress be adopted; i.e., vertical lines, diagonal
lines, horizontal lines, arrows, etc.

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c. There is currently no requirement to provide
a narrative with the action plan status report. We
feel an accompanying narrative status report would be
helpful to OC management. As noted in paragraph b.
above, the form does not have adequate space for foot-
notes, and even footnotes cannot adequately explain
a change or slippage. A narrative could more fully
explain changes or slippages and would provide a valu-
able chronology of events over the life of the plan.
It is suggested that a brief narrative report be
adopted.

d. Although current procedures provide for
indicating progress, slippage, etc., there is no
provision for indicating uncertainties or unknowns.
It seems unrealistic not to be able to indicate
uncertainty, particularly on some of the larger pro-
grams covering one or more years. It is, therefore,
suggested that a method for indicating an uncertainty
or an unknown be adopted. Perhaps a question mark (?)
could be used for this purpose.

e. Similarly, there appears to be no easy
way to change a plan, or if appropriate, to suspend
a plan. For example, the present action plan for
Secure Voice is incomplete, inaccurate, and not
representative of our current thinking. Why then
don't we simply update it? The answer is that we
are trying to, but this program is much more complex
than heretofore recognized. Accordingly, an inter-
divisional task force has been working for two months
on a master plan for CIA Secure Voice. It will be
perhaps 100 pages long, and will define the status of
existing systems and program alternatives for future
systems. The plan will not be in final form for
perhaps a month. Several more weeks will be needed
for management review and decisions about the best
way to proceed. Then, we can publish a plan we all
believe in. In the meantime, the Secure Voice
program as defined in the existing action plan is
suspended. The reporting system needs the flexibility
to permit these major revisions without continually
committing ourselves to poorly conceived and planned
programs.

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f. Detailed action plans should not be provided
to the DD/M&S and his staff. As we understand MBO,
detailed plans are developed by the program manager,
and subsequently, reviewed at the next higher level
of management. That level of management then provides
plan summaries (and not detailed action plans) to
higher echelons of management. The detailed plans
are, of course, always maintained and available to any
level of management, but are not forwarded routinely.
Knowing of the DD/M&S's appetite for details, it may
be difficult to dissuade him from requiring the de-
tailed plans, but we suggest it be attempted at an
appropriate time.

g. Since MBO and action plans are here to stay,
correlation of action plans with the OC program,
budget, and program execution plans in terms of funds
and manpower resources should be improved. All funds
and personnel resources required to achieve the action
plan objective should be clearly identified in the OC
program and budget. In turn, action plans should re-
flect the estimated fund obligations associated with
a milestone event, and subsequently, the actual fund
expenditures. This would facilitate a more realistic
view of the total costs associated with a given pro-
gram, and enhance our ability to predict the impact of
any change in the availability of funds or personnel.
Obviously, this will require additional study, but it
seems inconsistent to prepare action plans for specific
projects, and then prepare budgets and manpower allo-
cation systems and other execution plans all based on
different ways to cut the pie.

h. To partially offset the additional work load
associated with the development and maintenance of
action plans, we suggest that consideration be given
to exempting from quarterly and other periodic reports,
all programs covered by action plans.

i. Our program managers have read all the
information provided to us on MBO, and most have seen
some of the films on the subject. The guidance and
direction we seek is not available from those sources.

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We would welcome a briefing by someone at the DD/M&S level who can tell us of the Directorate's expectations for MBO--primarily, what is expected from program managers. We strongly recommend that OC arrange for briefings of all OC program managers.

3. In accordance with paragraph 1.b. of the reference, we are currently reviewing the need for revision of FY-1975 objectives and identifying possible objectives for FY-1976. Our recommendations in this regard will be forwarded in early December.
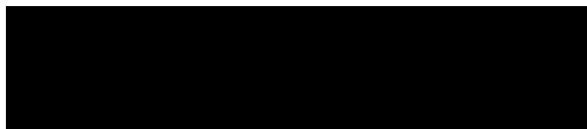
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Chief, Communications Engineering

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